

230-X-1-.02 Requirements For Bid Limits.

1. Minimum Net Worth/Working Capital. All applicants must have a net worth and working capital of at least \$10,000 as shown by the applicant's most recent financial statement (less than one year old) in order to qualify for the lowest bid limit classification. Except for licenses qualifying as "unlimited", an applicant's maximum bid limit shall be set by the formula of not more than ten times either the net worth or working capital, whichever is the lesser amount.
2. Lines of Credit to Increase Working Capital. Verification of a line of credit, from a state or federal chartered bank or savings association which has an office in Alabama, to the general contractor to increase working capital, must be submitted to the board in the format provided by the board. Lines of credit meeting board requirements will be added to the working capital shown in the contractor's financial statement.
3. Personal Financial Statements to Increase Net Worth or Working Capital. Contractors meeting the minimum requirements of 230-X-1-.02(a) REQUIREMENTS FOR BID LIMITS may submit a personal financial statement to increase their net worth or working capital. Any personal financial statement or parent company financial statement submitted for the purpose of increasing the bid limit of a license shall not include the value of the ownership which will not be considered. A personal financial statement with completed guarantee agreement as provided by the board may be used to increase the working capital or net worth of a contractor to increase a bid limit by one step. All personal financial statements must be signed by both husband and wife and notarized. The following applies according to the entity holding the general contractors license:
 - a. Sole Proprietor: A notarized guarantee agreement (signed by both husband and wife) with a personal financial statement prepared by a CPA will be considered to increase a bid limit by one step. Note: A sole proprietor may submit a personal financial statement only when personal items (home, furnishings, etc.) are not included on the applicant's business statement.
 - b. Partnerships: A notarized guarantee agreement (signed by both husband and wife) and personal financial statement prepared by a CPA and submitted by any partner(s) will be considered to increase the bid limit of the partnership by one step.
 - c. Corporations: A parent company's financial statement or a personal financial statement prepared by a CPA for a major stockholder(s) of the corporation may be submitted to increase the bid limit of the corporation by one step. All personal financial statements must be submitted with a notarized guarantee agreement (signed by both husband and wife). The guarantee agreement submitted with a parent company's financial statement must be signed by a majority stockholder of the parent company and notarized.

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Statutory Authority: Code of Ala. 1975, §34-8-22.

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Ed. Note: Previous Rule 230-X-1-.02 Positive Net Worth filed September 16, 1982. **Repealed:** Filed July 2, 1992.